



Government
of Canada

CANADA PENSION PLAN

CA1
HR
-2029

January 1998

Disability Benefits



Human Resources
Development Canada

Développement des
ressources humaines Canada

Canada



Available in alternate format

Produced by:
Human Resources Development Canada
Income Security Programs
Communications

January 1998

Internet at: <http://www.hrdc-drhc.gc.ca/isp>

For additional copies of this publication, please
write or fax indicating the catalogue number:
ISPB-153-01-98E

Enquiries Centre
Human Resources Development Canada
Hull, QC
K1A 0J9

FAX (819) 953-7260

Aussi disponible en français sous le titre *Pension
et prestations d'invalidité – Régime de pensions du
Canada* – ISPB-153-01-98F

ISBN 0-662-26404-5
Cat. No. MP90-3/1-4-1997E



Table of Contents

Introduction	2
---------------------	----------

Section One

CPP Disability	3
Applying for Your Pension	5
Receiving Your Pension	6
Children's Benefits	11
Other Benefits	14

Section Two

General Information About the Canada Pension Plan	16
Appealing a Decision	27
Protecting Your Information	27
Taxation and Your CPP Benefits	28
Other Benefits	29
More Information	31



Introduction

The Canada Pension Plan (CPP), which began in 1966, provides basic benefits when a contributor to the Plan becomes disabled or retires; and, at the contributor's death, the Plan provides survivor benefits.

Section One of this booklet describes the Canada Pension Plan disability pension and benefits.


Section Two contains overall information on the Canada Pension Plan itself.

Please note that the information contained in this booklet is general only and reflects the CPP as of January 1998. When questions arise, CPP legislation must govern.

For more information about the Canada Pension Plan, please call free of charge:

1 800 277-9914 English

1 800 277-9915 French

 **If you have a hearing or speech impairment and you use a TDD/TTY device, please call:**

1 800 255-4786

For faster telephone service call Tuesday to Friday during the middle weeks of the month. Please have your social insurance number (SIN) ready.



CPP Disability

1

What is CPP Disability?

The Canada Pension Plan (CPP) pays a **monthly pension** to people who have contributed to the Plan and who are disabled according to CPP legislation. The CPP also pays **monthly benefits** for their dependent children (see page 11).

2

How do I qualify for a disability pension?

To qualify you must:

- have contributed to the CPP for a minimum number of years;
- be considered disabled according to CPP legislation; **and**
- be between the ages of 18 and 65.

You must apply in writing.

3

What does “disabled according to CPP legislation” mean?

Your disabling condition can be physical or mental. Under the CPP legislation, your disability must be “severe and prolonged”. “Severe” means your condition prevents you

from working regularly at any job, and “prolonged” means your condition is long term or may result in your death.

4

What does “contribute for a minimum number of years” mean?

If you became disabled after December 31, 1997, you must have contributed to the CPP in four of the last six years. During that period, you must have earned at least 10 per cent of each Year’s Maximum Pensionable Earnings (YMPE). In 1998, the YMPE is \$36,900. The YMPE changes each year.

5

What if I have not contributed for enough years?

Normally, you would not be eligible for a CPP disability pension. However, under certain CPP provisions, you **may** still qualify:

- if you delayed applying (that is, if you had enough years of contributions when you first became disabled, but don’t have enough now);
- if your CPP contributions stopped or were reduced while raising your children under seven years of age;
- if you acquired CPP credits from your former spouse;
- if you worked in another country with which Canada has an agreement and contributed to its Plan;

- if you were medically incapable of applying;
- if you are no longer receiving CPP disability benefits, and you have made the required contributions each year since they stopped.

If you need advice, please contact Human Resources Development Canada.



Applying for Your Pension

6

When should I apply?

You should apply when you believe you have a serious long-term disability that prevents you from working regularly at any job.

7

How do I apply?

You must apply in writing. If you are unable to apply on your own, another person may apply for you. For an application kit, call free of charge: 1 800 277-9914 English; 1 800 277-9915 French; TDD/TTY: 1 800 255-4786. The kit contains the information and instructions you will need to apply and tells you what documents you need, such as proof of birth. It also includes:

- **application forms** for you and your dependent children (see page 11 for more information on children's benefits);
- a **questionnaire** for details of your work history and medical condition;

- a **medical report** to be completed by your doctor. If you have more than one doctor choose the one who knows the most about your main medical problem;
- a **consent form** that CPP may use to get additional information; and
- a form for you to complete if you reduced or stopped working to look after your children under the age of seven.

You may ask for a kit or assistance at any time.

8

What happens if a disabled person dies without having applied for a disability pension?

The CPP cannot pay a disability pension unless the CPP received an application before the contributor died. Surviving spouses and dependent children may apply for CPP survivor benefits and children's benefits.



Receiving Your Pension

9

When will my payments start?

Your payments start four months after the date the CPP finds you to be disabled. For example, if you became disabled under CPP legislation in January, your pension starts in May.

If you apply late, CPP can make up to one year of back payments.

10

When can I expect my payments each month?

Your payments will usually arrive in the last three banking days of each month. You may wish to see page 25 for information on direct deposit.

11

When will my disability pension stop?

Your payments stop:

- when you are no longer disabled according to CPP legislation; **or**
- at age 65 when your CPP retirement pension begins (or between ages 60-65 if you take early retirement); **or**
- at your death.

12

How much will my disability pension be?

The pension is made up of two parts: the first is a flat-rate amount, and the second is based on how much, and for how long, you paid into the CPP. There is a maximum amount that can be paid. If there is any increase in the cost of living, your payments will be increased in January.

In 1997 the **average** CPP disability pension was \$663.74 per month. The **maximum** for that year was \$883.10 per month.

13

What if my situation changes?

Your CPP disability benefit **is not a permanent pension**. From time to time, CPP may check to see if you have regained the capacity to work.

The CPP helps you return to work. You may:

- attend school or do volunteer work without fear of losing benefits as long as you have not regained the capacity to work. You must report successful completion of a school program;
- continue to receive benefits for three months after returning to work; and
- have your application fast-tracked if the same disability again prevents you from working.

However, you must make the required contributions to the CPP.

You must let the CPP know if you return to work or if your medical condition improves to the point where you could return to work. If you do not let the CPP know and you receive payments to which you are not entitled, you will have to pay them back.

14

Does CPP pay for vocational rehabilitation?

Yes, if the CPP determines that:

- with a vocational rehabilitation program, you would likely be able to return to work; and
- you are receiving a CPP disability pension; and
- you are willing and able to undergo a vocational rehabilitation program; and
- your medical condition is stable and your doctor approves.

15

If my spouse dies, can I receive a CPP survivor pension as well as my disability pension?

Yes. If you are eligible for a surviving spouse's pension, CPP combines it with your disability pension. The combined benefit comes as one monthly payment. The maximum combined survivor/disability pension is the same as the maximum disability pension.

16

Can I get a CPP retirement pension as well as my CPP disability pension?

No. You can get one or the other, but not both at the same time.

17

I am between the ages of 60 and 65, have stopped working and think I might qualify for the disability pension. Which CPP pension should I apply for: retirement or disability?

The amount of a disability pension is higher, but applications take longer to process. You may wish to apply for both pensions at the same time. If your disability is considered to have started before your retirement pension begins and your disability application is approved, CPP will make the necessary adjustments.

18

If I am receiving a CPP retirement pension and I become disabled, can I change to a CPP disability pension?

No. You cannot change your early retirement pension to a disability pension. Disability pensions are not payable after age 65.

19

When my disability benefit changes at age 65 to a retirement pension will the amount I receive change?

Yes. A disability pension is greater than a retirement pension. However, you can apply for an Old Age Security pension which is payable from age 65.

For disability beneficiaries, the conversion to a retirement pension is based on the YMPE at the time the disability began, with adjustments to price increases to retirement. The pension is indexed to the Consumer Price Index.



Children's Benefits

20

Who does the CPP consider to be my “dependent child”?

Your dependent child is:

- your natural or adopted child, or a child in your care and control, **and**
- either under age 18, or between the ages of 18 and 25 and in full-time attendance at a recognized institution.

21

What do I have to do if my child is under age 18?

You have to apply for your child's benefit and provide proof of the child's age and relationship to you.

22

What happens if my child is under 18, but does not live with me?

If another adult or a provincial agency is looking after your child, that person or agency should apply for the benefit on the child's behalf.

Children living on their own must complete their own application.

Payments will go to the person or agency who has the custody and control of a child under age 18.

Note: In the case of joint custody, please call Human Resources Development Canada for further information. Call free of charge 1 800 277-9914 English; 1 800 277-9915 French; TDD/TTY: 1 800 255-4786.



What happens if my child is between the ages of 18 and 25?

A child between the ages of 18 and 25 is still eligible for benefits as long as he or she remains in full-time attendance at a recognized institution. The child must complete an application, and a “Declaration of Attendance at School or University”. The forms must be completed each year or semester and signed by both the child and a school official. The forms should be filled out as soon as possible because retroactive payments will only cover a 12-month period.

The monthly benefit will be paid directly to the child. The benefit is paid during normal school vacations, but will stop if the child has not sent CPP a signed school attendance form.

If the child leaves school and then, later, returns to school full-time, the benefit may be reinstated. It will be paid starting the month he or she returned to school. The benefit will **not** be reinstated unless the child applies.

24

How much would my child's benefit be?

A dependent child's benefit is a fixed amount. In 1998, the benefit is \$169.80 per month, per child. If there is any increase in the cost of living, the benefit will be increased accordingly in January.

A child may get up to two benefits, when:

- both parents paid into the CPP; **and**
- each parent is either disabled (according to CPP legislation) or deceased.

For information on CPP benefits for children of deceased contributors contact Human Resources Development Canada and ask for the booklet "*Survivor Benefits – Canada Pension Plan*".

25

When will my child's payments start and stop?

Your child's payments start at the same time as your disability pension.

They stop if:

- you are no longer receiving a CPP disability pension; **or**
- your child leaves your custody and control; **or**
- your child is between 18 and 25, and no longer in full-time attendance at a recognized institution; **or**
- your child reaches age 25; **or**
- your child dies.



Other Benefits

26

Can I also get other disability benefits?

The federal government has disability benefits under other programs, as well. You may be able to qualify for:

- short-term sickness benefits under Employment Insurance, which are paid through Human Resources Development Canada; **or**
- disability pensions from Veterans Affairs Canada paid through the Canadian Pension Commission.

All provinces and territories have Workers' Compensation benefits. They may also offer social assistance for persons with disabilities who have low incomes.

You may also be eligible for a disability pension from private insurance, through your employer or union.

Disability pensions may be available from another country where you lived and/or worked.

27

What happens if I have applied for, or I am already getting, benefits from another source?

Some insurance plans and provincial authorities will pay you benefits while CPP is processing your disability application. These other payments may decrease or stop once your CPP disability pension begins.

If you get payments from both the CPP and another agency covering the same period, that agency may ask you to repay some or all of its benefits. For instance, this may happen if CPP sends you a back payment. With your signed approval, CPP can sometimes pay the other agency directly from your back payment.



General Information About the Canada Pension Plan



What benefits does the Canada Pension Plan provide?

There are three kinds of Canada Pension Plan benefits:

- **disability benefits** (include pensions for disabled contributors and benefits for their dependent children);
- **retirement pension**; and
- **survivor benefits** (include the death benefit, the surviving spouse's pension and the children's benefit).

The CPP operates throughout Canada, although the province of Quebec has its own similar program, the Quebec Pension Plan (QPP). The CPP and the QPP work together to ensure that all contributors are protected.



How is the Canada Pension Plan financed?

The CPP is a “contributory” plan. This means that all costs are covered by the financial contributions paid into the Plan by employees, their


employers and self-employed people, and from interest earned on the investment of that money. The CPP is **not** funded through general tax revenues.



How will CPP investment policy change?

A CPP Investment Board will be formed to operate at arm's length from the federal and provincial governments. The Board will use qualified professionals to invest CPP funds in financial markets. The Board will broadly follow the same investment rules as other pension plans.

It will be accountable to the public and report its investment results regularly.



Will provinces continue to borrow CPP funds?

Provinces will be able to borrow from the CPP. The amount will be limited to the proportion of provincial bonds held by other pension funds. The provinces will pay the same interest rate as they do on their other loans.

5

Who pays into the CPP?

With very few exceptions, every person in Canada over the age of 18 who earns a salary must pay into the CPP (in Quebec, you pay into the QPP). You and your employer each pay half of the contributions. If you are self-employed, you pay both portions.

You do not make contributions if you are receiving a CPP or QPP disability or retirement pension. At age 70, you stop contributing even if you have not taken your retirement pension.

6

How much do I pay into the CPP?

The amount you pay is based on your salary. If you are self-employed, it is based on your net business income (after expenses). You do not contribute on any other source of income, such as investment earnings.

If, during a year, you contributed too much or earned less than a set **minimum** amount, you will receive a refund of contributions at income tax time.

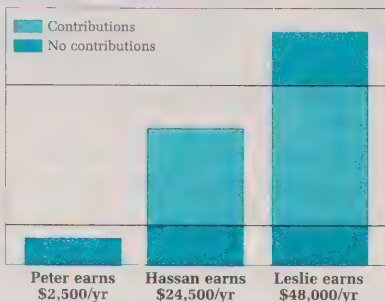
You only pay contributions on your annual earnings between the **minimum** and a set **maximum** level (these are called your “pensionable” earnings).

The minimum level is frozen at \$3,500. The maximum level is adjusted each January, based on increases in the average wage.

Contribution Patterns

1998 Maximum*
\$36,900
(average wage
in Canada)

Minimum*
\$3,500



*Technically, these are referred to as the Year's Maximum Pensionable Earnings (maximum) and the Year's Basic Exemption (minimum).

Why are my contributions important?

Your contributions are used to determine if you or your family are eligible for a benefit, and to calculate the monthly amount. Both the length of time and the amount of earnings on which you contribute (up to the maximum each year) are factors. Normally, the more you earn and contribute to the CPP over the years, the higher the benefit will be (when you become entitled) because you will have built up a lot of CPP pension credits.

Your CPP credits can also be affected by “credit splitting” (see page 23).

8

What is my “contributory period” and how is it used?

The total span of time during your life when you **may** contribute to the CPP is called your contributory period.* It is used in calculating the amount of any CPP benefit to which you become entitled.

CPP Contributory Period

START

END



Age 18 or
January 1, 1966
(whichever is later)

CPP Retirement pension or
Age 70 or
Death

**NOTE: You do not contribute while you are receiving a CPP disability pension. Removing that time from your contributory period protects the calculation of your future benefits.*

9

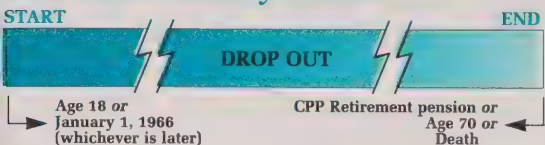
If I had some low-earning years, will that reduce my pension?

Remember that CPP calculations include both **how much** and **how long** you have contributed.

However, to protect you, some parts of your contributory period can be dropped out of the calculation, such as:

- periods when you stop working or your earnings become lower **while** you are raising your children under the age of seven;
- low earning months **after** the age of 65;
- any month when you were eligible for a CPP disability pension;
- 15 per cent of your lowest earning years in your contributory period.

CPP Contributory Period



Dropping out periods of low earnings will **increase** the amount of your benefit.

10

How does the CPP keep track of my contributions?

Since 1966, the CPP has kept a “Record of Earnings” for each person who pays into the CPP and for people who pay into both the CPP and the QPP. The information is supplied through Revenue Canada and Revenu Québec.

It is **important** that you check your T4 slip (the statement of earnings you receive from your employer each year) to make sure that your name and social insurance number (SIN) are the same as on your SIN card. If not, your CPP contributions will not be credited to your CPP account. This could mean not getting benefits to which you are entitled.

If you change your name or lose your social insurance card, you should contact your local Human Resources Canada Centre (HRCC) as soon as possible. The HRCCs are listed in the Government of Canada section of most phone books under Human Resources Development Canada.



How do I find out how much I have contributed?

You should automatically receive a Statement of Contributions every few years. However, you can ask for a statement once a year.

Your Statement of Contributions shows, by year, the total amount of your CPP contributions, and your “pensionable” earnings (*see page 19*), on which they are based. It also estimates what your pension or benefit would be if you were eligible now.

Check your statement carefully – particularly your earnings and contributions. You should compare these amounts to any previous T4 (income tax) slips. If you disagree with any of the figures, contact Human Resources Development Canada immediately. It could have an effect on the amount of your future CPP benefits.



Who is a “spouse”?

For the purpose of the CPP, a “spouse” is a person of the opposite sex with whom you are in a legal or common-law marriage.

A common-law spouse is a person of the opposite sex with whom you have been living in a conjugal (married) relationship for at least one year.

13

What are CPP “pension credits”?

CPP keeps a record of your earnings and the contributions you pay on them over the years. These are your “pension credits”.

Generally, the more credits you have, the higher your CPP benefits will be.

14

What is “credit splitting”?

When a marriage or common-law relationship ends, the CPP credits built up by the couple, during the time they lived together, can be divided equally between them. Credits can be split even if one spouse did not pay into the CPP.

Credit splitting can affect the CPP entitlements of both former spouses. For more detailed information, contact Human Resources Development Canada and ask for the CPP booklet, *“Credit Splitting upon divorce or separation”*.

15

What is “assignment” or pension sharing?

Pension sharing is for “spouses” who are together and already receiving their CPP retirement pension(s). Pension sharing is called “assignment”. With assignment, each spouse can receive a portion of the other’s pension, if they choose to share in this way. Assignment does not increase or decrease the overall benefits paid. For more information, contact Human

Resources Development Canada and ask for the CPP booklet, “*Retirement Pension – Canada Pension Plan*”.



What happens if I pay into the Quebec Pension Plan (QPP)?

Which Plan you pay into (CPP or QPP) depends on where you work, **not** where you live. If you work in Quebec, you pay into the QPP. If you work in any other province or territory, you pay into the CPP. Depending on where you have worked over the years, you may have paid into **both** plans.

The two plans are very similar but not identical. If you have paid into only one of the plans, you apply to **that** Plan for your pension or benefits.

If you have contributed to both the CPP and the QPP, you apply to the QPP if you are living in Quebec at the time of your application, and to the CPP if you are living anywhere else in Canada.

If you are living outside Canada, you apply according to the last province you lived in.

Regardless of which Plan pays your benefit, the amount will be calculated according to your contributions to both plans and the legislation of the Plan responsible for paying your benefit.

17

What happens if I lived or worked in another country?

Canada has agreements with many countries, which can help you get pensions or benefits from **either** country. If you did not live or work long enough in one of these countries to qualify, the time you spent in the other country may be added to meet the requirement.

If you have lived or worked in another country, you should contact Human Resources Development Canada.

18

Can I have my payments deposited directly to my “bank” account?

Yes. Direct deposit forms are available from Human Resources Development Canada, as well as many banks, caisses populaires, credit unions and trust companies or call Human Resources Development Canada (*see page 31*).

If your payment comes by **cheque**, the cheque will usually arrive during the last three banking days of each month. If you have **direct deposit**, the money will be in your account on the third last banking day of each month.

19

Can I receive my CPP payments outside Canada?

Yes, provided you meet all CPP eligibility conditions. Payments are made anywhere in the world in Canadian dollars. If you live in the United States and have your payment deposited “direct” to a US financial institution, the funds are automatically converted into US dollars.

20

Will I get cost-of-living increases?

Yes. If there is any increase in the cost of living in Canada, your CPP payments will be increased accordingly, in January.

21

What if I am incapable of applying?

If, because of an illness or infirmity, you are incapable of applying for a CPP pension or benefit, your representative can apply on your behalf.



Appealing a Decision



What can I do if I do not understand, or I disagree with, a CPP decision that affects me?

If you do not understand a decision, you may ask CPP about it.

If you are dissatisfied with a decision, you can ask CPP to reconsider it. Your request for reconsideration must be made, in writing, within 90 days of receiving the decision. If you are still dissatisfied after reconsideration, you may appeal.



Protecting Your Information



Who can see the information on my CPP file?

Your information is protected by Canada Pension Plan legislation, the *Access to Information Act* and the *Privacy Act*. Information may be made available to a federal or provincial institution or a non-governmental organization to administer the CPP. Information may also be made available to specified federal departments or provincial institutions to administer a federal or provincial law, or to foreign institutions under a social security agreement.

24

Can I see the information on my file?

Yes. You can ask to see or have copies of any information about you that is in a federal government file. The Treasury Board publication, *"Info Source: Sources of federal government information"*, and the forms to request the information are available in government offices, public libraries and federal constituency offices. If you live outside Canada, these publications may be available at Canadian embassies and consulates.



Taxation and Your CPP Benefits

25

Are my CPP payments taxable?

Yes. CPP payments are taxable income.

If you want, you may have your income tax deducted each month. For more information, contact Human Resources Development Canada.

If you do not request monthly tax deductions, you may have to pay your income tax in quarterly installments. For more information, contact a Revenue Canada Tax Services office.

If you live outside Canada and are not considered to be a Canadian resident for income tax purposes, a non-resident tax is withheld from your monthly CPP payment. The tax rate is 25 per cent unless reduced or exempted by a tax treaty between Canada and your country of residence. If you have tax-related questions, call Revenue Canada's International Tax Services Office at **1 800 267-3395** (Canada and U.S.A.), **(613) 952-2344** (all other countries), or send a fax to (613) 941-6905. You may also get copies of many Canadian tax forms and publications from your Canadian embassy or consulate.

Early each year, you will receive a T4A(P) slip showing the amount of CPP payments you received during the previous year. This slip is needed to complete your income tax form and must be included with your tax return.



Other Benefits

26

Are there other benefits for which I may be eligible?

Yes. If you are over the age of 65, you may be eligible for a pension under the *Old Age Security (OAS) Act*. If you are age 60 to 64, have a low income and are widowed or the spouse of an OAS pensioner, you may qualify for either a Widowed Spouse's Allowance or a Spouse's Allowance. If you have a low or limited income, you may also qualify for the income-tested Guaranteed Income Supplement (GIS).

You may be eligible for benefits under the *War Veterans Allowances (WVA) Act*, administered by Veterans Affairs Canada, Employment Insurance benefits and other types of income assistance and services from your provincial/territorial and municipal governments.



Do my CPP benefits affect the amount I receive from other programs?

Yes, they may. Income-tested benefits from programs such as War Veterans Allowances, the Guaranteed Income Supplement, the Spouse's Allowance and the Widowed Spouse's Allowance as well as provincial/territorial social assistance ("welfare") will take your CPP income into account. CPP benefits may also affect how much you get from your employer pension or private-sector disability insurance. Most Workers' Compensation programs also take CPP income into account.

Please consult the authorities responsible for such programs for further information.




More Information

The following booklets on the CPP, as well as other materials, are available from Human Resources Development Canada (HRDC).

Please call free of charge*:

1 800 277-9914 English

1 800 277-9915 French

 If you have a hearing or speech impairment and you use a TDD/TTY device, please call:

1 800 255-4786

Retirement Pension – Canada Pension Plan

Survivor Benefits – Canada Pension Plan

Credit Splitting upon divorce or separation – Canada Pension Plan

Information is also available from HRDC on:

- Old Age Security (including the Spouse's Allowance, Widowed Spouse's Allowance and the Guaranteed Income Supplement) and
- International Social Security Agreements.

* For faster telephone service call Tuesday to Friday during the middle weeks of the month. Please have your social insurance number (SIN) ready.

